

The American Observer

A free, virtuous, and enlightened people must know well the great principles and causes on which their happiness depends. -- James Monroe

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Germany Faced By Trouble In Balkans

Demonstrations in Rumania, Bulgaria, and Hungary Spread Over Large Area

HITLER TALKS TO LEADERS

Russian Victories, Plus Unfair Treatment of Nazi Allies, Are Responsible for Uprisings

Through the thick veil of censorship that hangs over Europe there have emerged during the last few days a number of signs that Hitler is having troubles with the peoples living in the Balkan peninsula and in central Europe. From such neutral capitals as Berne, in Switzerland, Stockholm, Sweden, and Ankara, Turkey, reports have trickled through that the peoples of the occupied lands are causing greater difficulties for the Nazi overlords. From the German radio itself there have been indications which, pieced together, point in the same direction.

The opposition to Hitler in central Europe and the Balkans has taken a number of forms. In Rumania, the most important of the countries in eastern Europe under the heel of Hitler, there have been uprisings against the Quisling government of Ion Antonescu. Some 80 persons are reported to have been executed for participating in demonstrations against the government and hundreds of others have been arrested. In Yugoslavia and Greece, especially the former, guerrilla warfare is being constantly waged against the occupying forces. In Hungary, Slovakia (part of the former country of Czechoslovakia), and Bulgaria, acts of sabotage are frequent and the populations are seething with revolt.

Effect of Russian Reverses

The latest flare-ups in the Balkans and central Europe have increased as the German armies in Russia have met with increasingly serious military defeats. They have reached such proportions that Hitler has called his puppet rulers—Premier Antonescu of Rumania, and the war ministers of Hungary and Bulgaria—for conferences on the internal situation in those countries. Last week, it was reported that men previously rejected for service in the German army were being inducted into service to help garrison the occupied countries. Certainly a good many of these will be sent to the states in central and eastern Europe.

Hitler's growing problem in these occupied countries may be traced primarily to the strong opposition of the peoples to living under the tyranny of a foreign foe. But that is only part of the story. Each of the countries in central and eastern Europe is split by internal dissension, much as France is, and many of these conflicts are coming into the open once more. Moreover, the en-

(Concluded on page 7)



On the plains of Hungary

GALLOWAY

"A Message to Garcia"

One who scanned his newspaper carefully might have seen a little notice a few days ago telling of the death, at 85, of Colonel Andrew Rowan. If the reader were young, the name may have meant nothing to him. But to those of an older generation, it recalled a great exploit, a fine performance of duty, and an editorial which was read around the world. For Colonel Rowan was the man who, back in April of 1898, had carried the famous "Message to Garcia."

In the opening days of the Spanish American War, Lieutenant Rowan was given a message to deliver to the Cuban rebel leader, General Garcia. He did not know where Garcia was, but set out to find him. Despite dangers which would have repelled a less dauntless man, he made his way through enemy lines, and at last found the general and delivered his message.

General Garcia then entrusted him with a message to take back to the American government. This was the more difficult and important of the two assignments, but it was the message to the Cuban patriot which captured the attention of the world. Elbert Hubbard told the story of Lieutenant Rowan's mission in his paper, *The Philistine*. The stirring editorial, "A Message to Garcia," did not stick closely to the facts. The writer's imagination was freely called upon in matters of detail. But in essence the picture was a true one—the picture of a brave man who, given an almost impossible task, asked no questions, counted not the cost, but did the job that he had to do. "Here is a man," the editorial declared, "whose form should be cast in deathless bronze and the statue placed in every college of the land."

Though the statue may not have appeared in college halls, the editorial was read by millions of students in schools around the world. It has been criticized on the ground that it is a plea for blind obedience, rather than purposeful action. It is a fact, of course, that unthinking obedience is not the most democratic of virtues, but is necessary under certain circumstances. And the power of the story, "A Message to Garcia," comes from the emphasis upon the performance of duty. Too many people start a job with good intentions, but give up when the going is hard. They are satisfied with a good excuse for not reaching their goals. Lieutenant Rowan had an excellent excuse for turning back. But he didn't want an excuse. He wanted to deliver the message to Garcia, and he did it. Elbert Hubbard's story has unquestionably stiffened the determination of many who were inclined to falter in the face of difficulties.

Congress Preparing Record Tax Measure

Sum to Be Collected for War Is More than Annual Income of a Few Years Ago

NEW TAX SYSTEM PROPOSED

Pay-as-You-Go Plan Would Alter the Present Setup Under Which Tax Payments Lag Year Behind

In his budget message to Congress, President Roosevelt outlined the needs of the government during the coming year. He indicated the amount it would have to spend in the conduct of the war, and for civilian purposes. He advised a heavy increase in taxation to the end that about half of the war expenses might be paid for out of taxes. He did not, however, tell Congress how to raise the money. He did not suggest any particular method by which the increase in revenues should be provided. He may have recommendations later, but for the present he leaves the problem with the legislative branch of the government.

In order that the important facts relative to the financing of the war and the proposed change in the manner of collecting income taxes may be properly emphasized, we shall follow the question and answer form in the remainder of this article:

One Hundred Billion

How much is the government spending for the conduct of the war?

During the fiscal (or bookkeeping), year 1943, that is, the year July 1, 1942, to June 30, 1943, the government is spending 76 billion dollars, for war purposes. But expenses are going up, and it is estimated that during the fiscal year 1944 (the year ending June 30, 1944), war expenditures will amount to 100 billion dollars.

How does this compare with the amounts which the other nations are spending for war purposes?

The United States is spending, and will continue to spend, much more than any other nation. It is estimated that during the fiscal year 1944 Germany will spend 35 billion dollars on the war, or about one-third as much as we spend; England will spend 21 billion; Russia, 16 billion; Italy, 8 billion; Japan, 7 billion; and Canada, 4 billion. This does not mean, however, that we will get three times as much for war uses as Germany has, five times as much as the English have, and so on. The costs of production, costs of materials and labor are higher in the United States than in other countries. So we will not obtain as much war equipment in proportion to costs as other countries do. Another fact to be taken into consideration is that we are obliged to transport our men and arms across an ocean before they are put to use. This is an expense which some of the other countries do not have to meet. When all this

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The "Constellation"

ACME

Planes in This War

Lockheed C-69 "Constellation"

WHEN Lockheed's C-69 Constellation took to the air on its maiden flight a few days ago, it was proof that the forecasts of new, larger, faster, and higher-flying cargo planes had become a practical reality. Here was one of the first—a tremendous and powerful plane, with great possibilities for both military and future civilian peacetime transportation.

The story of the Constellation goes back to the time when the Transcontinental and Western Airlines put their first stratoliner on the New York to California run. Those history-making craft, flying in the higher altitudes, spanned the continent in the record time of a little over 13 hours.

But TWA kept looking for a still better performance. With the help of Lockheed, its search led to the development of the Constellation, which can make the run in 8½ to 9 hours. Until the war is over, of course, the initial model and its successors will be at the service of the Army.

Not only is the Constellation the world's largest land plane now in production, but it is the fastest and most powerful as well. "The new sky giant," it is declared, "may prove faster than a Japanese Zero fighter or any known four-engined bomber now in active service." Its top speed, somewhere around 350 miles an hour, is easily 100 miles an hour

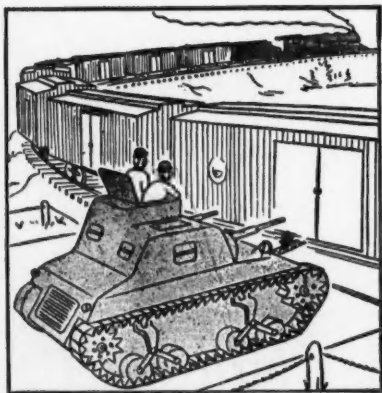
faster than the present standard airliners.

Each of the four 2,000-horsepower Wright air-cooled motors contains 18 cylinders, built in two banks of nine cylinders apiece. Flying a full load, the transport consumes only one gallon of gasoline a mile. If one motor fails, the remaining three will keep the plane at 25,000 feet, while two will keep it at 16,500 feet.

The dimensions of the Constellation are secret, but an idea of its size is given by the fact that it can carry a crew of five and 57 passengers—or it can carry a light tank and its crew on an ocean hop. Forty of the planes could carry 16,000 troops to Alaska in 26 hours; 7,500 to Hawaii in 48 hours. A P-38 Lightning can nestle comfortably under one wing of the new giant. Only the Douglas B-19 and the Martin Mars, both experimental, outstrip the Constellation in size.

The plane cruises at 20,000 feet, which is above 90 per cent of all weather disturbances. If necessary, it can rise to 35,000 feet, where its pressurized cabin will maintain conditions equivalent to those experienced at 8,000 feet. The shark-bodied craft has a triple tail and a tricycle landing gear. Its engines can be removed in 45 minutes, instead of the day or more required on most large planes. While the plane is in flight, the engineer can reach all engines through a wing passage.

SMILES



"We could go right on, through."

PRICE IN PM

Dehydration experts report that new methods make it possible to reduce a ton of carrots to 190 pounds. To which Junior says, "Go back and try again." —New York Sun

Teacher: "Well, Jack, what did you do on your holidays?"

Jack: "Oh, not much—not enough to write an essay on, anyway." —Boy's Life

Driving Examiner: "What would you do if the car brakes suddenly failed to work?"

Pupil: "Hit something cheap." —WALL STREET JOURNAL

Mother: "You were a very tidy boy not to throw your orange peel on the floor of the bus. Where did you put it?"

Billy: "In the pocket of the man next to me." —LABOR

Sidelights on the News

AMONG the most picturesque of our fighting men are the paratroopers—the infantrymen who attack from the sky. Bud Hutton describes them in the New York Times magazine:

The job is risky, glamorous, tough, the kind of thing a latter-day boy allies with a Deerslayer affair. The man is simply a young American, usually under 30, a volunteer from other branches of the service, who is possessed necessarily of the highest type of courage. Your paratrooper is no stolid, nerveless, lethal automaton. As a matter of fact, there are a good many moments in his career—and they keep coming up long after Fort Benning and its jump towers are left far behind—that leave the paratrooper scared.

This fellow is the highest paid soldier in the world. As buck private he gets a regular \$50 monthly, with overseas pay, and increments for any longevity in the service, plus \$50 more for the nature of his job. They call that extra \$50 "jump pay." His officer gets \$100 monthly "jump pay."

He seems like any other young American. He has a dog for a mascot, generally, uses up his pay too fast, and enjoys a good joke. But he and his fellow paratroopers have an impressive record. They flew into the middle of the battle of Tunisia and are still there. In the interim they have jumped out of their planes to capture the enemy and airdromes that he held. They have fought on the ground as infantrymen and beaten the Nazis on even going. They have had casualties, but they have also justified and even elaborated the aura of glamour and dare-deviltry which has been made to shine about them.



THE OPA has been in the national doghouse for some time now. In the current issue of the New Republic, B. L. Winston tells us why—and also why it should be defended:

The task of the Office of Price Administration, conceived as the keystone of the Roosevelt economic stabilization program, has turned out to be the weak spot of America's war effort. It is perfectly clear why this has happened. There are three reasons:

1. The OPA reaches into every family in America.
2. It bears the brunt of every household's irritations with the countless small restrictions imposed on the people by total war.
3. Its sweeping authority and its continental operations make it a natural habitat for buck-passing.

All these have been aided by Dame Rumor in antagonizing the American people. The rumors most common and most damaging are of the "my uncle heard a fellow say that he heard from a friend" type, and they deal with alleged mountains of tires, sugar piled high, "rackets" in coffee and oil.

Together, these characteristics of the OPA program conspire to make it an easy target for exploitation by all and sundry who wish to weaken our faith in our leaders and our will to fight this war to victory.

It would be absurd to argue that the OPA has made no mistakes. It has made plenty of them. But it has also fought hard and well in support of its basic principles, alienating as it fought those special interests which have most to gain by the wreckage of price control. And, most important, it has showed millions of plain citizens that their government intends to cover their economic rear so that they may fight the battle of production without fear of the collapse which would follow skyrocketing prices.

AN editorial in the Washington News points out that one powerful member of the United Nations has been left out of our grand strategy and calls upon us to alter that strategy.

The weakest link in the Allied chain is China. That is not her fault, but ours—at least in the sense that we haven't yet been able to produce enough materials to go around. China feels neglected by the United Nations. And she is losing patience, which means a lot in the longest-suffering nation in the world.

China accepts though she does not agree with, the Roosevelt-Churchill strategy of trying to lick Hitler first. Even so, she fears that this policy is being applied so one-sidedly as to allow Japan to consolidate vast strategic and raw-material gains that may postpone Allied victory indefinitely.

It is to our selfish advantage—apart from any gratitude to a nation which whittled down Japan for five years—to enable China to defeat the common enemy on land while we wipe out his sea power. The record shows that American planes pay higher dividends in China than on any other front.

We hope that the President, in his difficult task of apportioning supplies to our own expanding forces and to many fronts, may be able to adjust the balance somewhat by sending more to China soon. Meanwhile, we count on the Chinese and their honored unofficial ambassador, Mme. Chiang Kai-shek, to trust in this alliance.



OUT of the chaos left by Nazi bombing, the British people have brought a new idea of their capital city. Postwar London, as they are now planning it, will be very different from the old overcrowded city, according to L. A. G. Strong, writing in the English magazine Britain:

On a day in December 1940, when the smoke and dust of the night's air raid had died down, Londoners saw something they had never seen before. By destroying several narrow streets and a huddle of warehouses around St. Paul's, Hitler had presented them with a sight of their great cathedral in something like the space and splendor for which its architect designed it.

As the space was still further cleared, by the pulling down of tottering walls and the carting away of rubble, the wonder grew. The Luftwaffe had accomplished in a night what years of education and propaganda had failed to do. It had made the Londoner conscious of his city's architecture. It had given, for the first time, a meaning to the words "town planning."

The high degree of interest has been proved by the large attendance at recent exhibits of designs for the restoration of London held at the Royal Academy. The artists responsible for these designs had five main objectives: 1. To give each of the city's noblest buildings a setting in which it could be seen in its true proportions. 2. To make each group of buildings a harmonious unit with reference to its geographical position. 3. To arrange avenues of traffic as conveniently as possible. 4. To restore London's splendid waterway, the Thames, to its pride of place in the general design. 5. To provide the city with more numerous and better distributed parks.

The ideals of democracy for which we are fighting have taken a firm hold and are to be embodied in the London of the future—a city of grace and strength and open spaces—open to all.



Our Mounting War Budget

(Continued from page 1)

is taken into consideration, however, it remains a fact that our production of war materials will be greater than that of any other country.

How much will the United States spend next year for purposes not connected with the war?

About \$4,100,000,000. This is the lowest non-war spending for several years. In 1939, the non-war expenses were about \$6,500,000,000. A great deal was spent then for unemployment relief. Now we are free from most of that expense as nearly all workers are employed.

What proportion of the government's expenses are being met by taxation? That is, how much is it paying as it goes along?

During this year, that is, the year ending the last of next June, the government is spending for both war and non-war purposes combined about 80 billion dollars. It is col-

lecting about 24½ billion dollars, or less than one-third of all it is spending, in taxes and it is borrowing the rest.

What is the national debt at this time, and how fast is it increasing?

By June, 1943, the national debt will be 135 billion dollars. If tax laws are not changed, it will be 210 billion dollars by the middle of 1944. If the President's proposal for tax increases is adopted, the debt will be a little less than 200 billion at that time.

The national debt in 1914 was about one billion dollars. At the close of the World War it was 25 billion.

How can we pay such an enormous total of taxes—50 billion dollars—when a few years ago we groaned under the burden of less than one-tenth that amount?

The national income is going up faster than taxes are. In 1932, the national income was only 38 billion dollars. That was all that Americans had to spend for taxes, and for everything else. Next year, the national income will be at least 125 billion dollars. If the people pay 50 billion dollars in federal taxes, and 10 billion in state and local taxes, there will remain 65 billion dollars. Of course, 65 billion dollars doesn't mean as much as that amount would have meant in 1932, because prices are higher. Even taking into account the increase in prices, the people of the nation can pay their tax bill and have more to spend for other things than they had in 1932. Allowance can be made for the increase in population and still the average individual, after paying his share of the tremendous war costs, will be better off than the average individual was in 1932.

Of course, the distribution of spending will be much less. In 1932, the few people who were wealthy and well-to-do could buy all they cared to, while the poor were in desperate circumstances. Now, since we have rationing, the nation's goods will be more evenly distributed. The very poor will have more goods to use than they had in the depths of the depression, while the well-to-do will have less.

What is the Ruml plan of collecting taxes (see *The American Observer*, January 18, 1943)?

Briefly, the Ruml plan provides that people are to pay their income taxes as the income is received.

When, for example, they pay taxes in 1943, it will be on their 1943 incomes, instead of on their 1942 incomes.

How does this differ from the present plan?

Under the present law, citizens must fill out their income tax blanks before March 15. They declare what their incomes were last year, that is, for the calendar year 1942. Then they pay the income tax on the 1942 income. They are permitted to pay it in four installments if they wish—March 15, June 15, September 15, and December 15.

What are some of the objections to the present way of collecting income taxes?

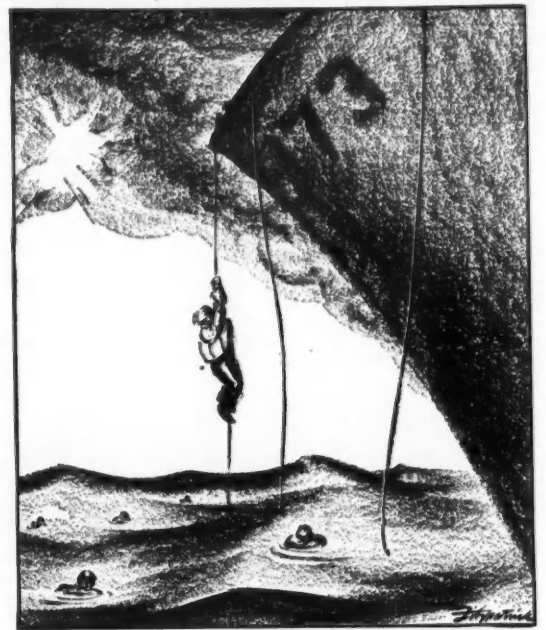
First, one is always in debt to the government. By the time 1943 comes, he owes the government the taxes which are imposed on last year's income. This is not a serious matter if he saves in advance to pay his income taxes. But many people do not do that. It is not the way they ordinarily pay their bills. When they buy things at the store, they pay when they get the goods, or they may pay monthly, but they seldom wait until the following year. The fact is that of the 27 million people who must pay income taxes in 1943, many did not save money last year for this purpose. Their plan was "spend-as-you-go," instead of "pay-as-you-go."

Now suppose that one who made money last year, but who did not save, loses his job. His income stops, but he is still in debt to the government on his 1942 income. Perhaps he did not lose his job, but his income, for one cause or another, declined. He must, during 1943, pay taxes on the 1942 income, which was greater than he now receives.

This plan bears heavily upon farmers whose incomes are irregular. They had record crops in 1942, and many of them made a great deal of money. This year they must pay taxes on last year's income. But it is quite possible that many incomes will be lower this year. This will make it very hard indeed for those whose incomes declined, to pay their taxes.

Suppose a man dies at the end of the year. His widow or his estate must pay taxes on the income he received last year. In many cases this causes very great hardship.

These difficulties and inconveniences have always been bad enough, but they are greater now because taxes are far heavier than they formerly were, and a larger portion of the population pays income taxes. In 1913, when the income tax law was passed, the rates of payment were very low. One did not pay a tax



Going down into your purse is much easier

FITZPATRICK IN ST. LOUIS POST-DISPATCH

unless his income was in excess of \$3,000. The tax began at one per cent, and for very high incomes went only to seven per cent. Now it is very different. Every single person with an income above \$500 pays income taxes. The taxes begin at 19 per cent, and for very high incomes go to 88 per cent. In addition, there is a Victory Tax of five per cent. This makes it a serious matter if the best possible form of collection is not adopted.

Here is another problem which must be taken into account. Half, or more, of all the workers in the nation will soon be employed in war industries or they will be in the armed services. When the war ends and war production stops, it is quite possible that, in spite of everything we may do, millions of people may be out of work. We hope that this can be prevented, but we cannot be sure of it. If millions are unemployed, with no incomes except work relief, it will be a serious matter if they are obliged to pay taxes on the incomes they received the previous year when they had jobs. This would add greatly to the problem of post-war readjustment.

The Ruml plan, with some modification, has been introduced into the House of Representatives by Congressman Carlson of Kansas. How does the Ruml-Carlson plan remove the difficulties and injustices which have just been described?

The pay-as-you-go plan undertakes to remove these difficulties and injustices. If it becomes law, no one will pay taxes on 1942 incomes. Payments on last year's income will be skipped. Citizens will, of course, pay income taxes in 1943, but instead of paying them on the 1942 income, they will pay them on 1943 income. The Carlson bill proposes that citizens shall pay income taxes monthly just as many of them pay their bills at stores. The original Ruml plan provides that citizens shall make quarterly payments instead of monthly. That is the only important difference between the Ruml plan and the Carlson bill.

This plan would remove many of the burdens and injustices which sometimes result from the operation of the law as it is at present. Let us suppose that the Ruml plan is enacted. Let us suppose, then, that a citizen loses his job or his business; that his income is reduced and he is not making as much in 1943 as he made in 1942. He will now gain, for he does not pay on his 1942 income, (Concluded on page 8)



Beardsley Ruml

ACHE

lecting about 24½ billion dollars, or less than one-third of all it is spending, in taxes and it is borrowing the rest.

If the present tax laws are unchanged, it is estimated that 35½ billion dollars will be collected in taxes next year, the year ending June 30, 1944. This is a considerable increase over the amount the government is raising this year. But expenses are increasing, too.

For both war and non-war purposes, we will spend next year about 105 billion dollars. We will still be collecting in taxes about a third of what we will spend, and will be borrowing the rest.

Why is it thought that, if the present tax laws are unchanged, we will collect 11 billion dollars more than we are now collecting?

The national income is rising rapidly. Increasing numbers of people are being employed and are earning wages and salaries. So, even though the rate of taxation is not changed, more money will be collected by the government.

Is it likely that the tax laws will be changed?

President Roosevelt recommends that they should be. He says they should be increased so that instead of collecting 35½ billion dollars next year the government will collect over 51 billion dollars. In other words, he wants the government to collect 16 billion dollars more than it would collect if the taxes were not changed. If this is done, the government will take in a little over 50 billion dollars, while spending over



Shopping for victory

THOMAS IN DETROIT NEWS

The Story of the Week

The Russian Offensive

Last week, the Russian offensive which was launched November 19 continued unabated on all fronts. Not only did the Russian forces in the south continue to push the Germans from territory they had conquered last summer, but they succeeded in wiping out a large number of the troops who had been surrounded in the Stalingrad area. Of more than 200,000 Axis forces trapped in this sector, all but 70,000 to 80,000 had been destroyed, according to reports from the Soviet Union.

All along the Russian front, from Finland in the north to the Caucasus in the south, the Germans were on the defensive. In the extreme north, the Russians were reported to have finally lifted the siege of Leningrad, second largest city in Russia, which has been virtually surrounded by the Germans since the early part of the war. Farther to the south, another Soviet drive was pushing toward the city of Kharkov, in the



RED ARMY IN WHITE. Dressed in white camouflage clothing and armed with automatic rifles, a detachment of picked Russian ski-troops makes its way up to the front line in readiness for a night raid on the enemy's communications.

them, but the hedgehogs themselves held out. The only important one of these strong defense points taken by the Russians was Velikie Luki, west of Moscow. If the Russian offensive is to succeed, more of these vital defense points must be taken from the Germans.

Bombs Over Berlin

There were numerous signs last week that the Allies were beginning their intensified bombardment of Occupied Europe which President Roosevelt predicted in his message to Congress. The industrial Ruhr section of Germany, particularly the city of Essen, was the target of several RAF raids. Submarine repair stations along the coast of France also felt the fury of British bombs. The fact that Essen was singled out was taken as a sign that one of the purposes of the aerial offensive is to combat the submarine menace inasmuch as that city is the greatest naval armament center and producer of many of the submarines.

The most spectacular bombings of the week, however, were those which the RAF carried out over Berlin. For the first time in more than a year that city felt the fury of British block-busters and incendiary bombs. Even the Germans were compelled to admit that serious damage had been

inflicted upon their capital city. James MacDonald, reporter for the *New York Times*, who was taken on the raid, described the spectacle as follows:

Destruction must have been on a gigantic scale because, when the *Lancaster* in which I was a mere "strap-hanger" was running the gauntlet of enemy antiaircraft fire some sixty or seventy miles away on the homeward-bound stretch of the 1,200-mile flight, I could see fires raging behind us, their lurid glow reflected on the sky.

In North Africa

While the military situation in Tunisia remained largely unchanged last week, General Montgomery's British Eighth Army opened another phase of its offensive against Rommel's Afrika Korps. As we go to press, the British are about 80 or 90 miles from the city of Tripoli and some 350 miles from the British and American forces fighting in Tunisia. It is thought unlikely now that Rommel will undertake to make a stand against the British until he reaches Tunisia, where he will join with the Axis forces in that strategic theater of operations.

Bad weather, difficulties of supply, and other obstacles hamper the Americans and British who are seeking to oust the Axis from Tunisia. This bad weather is said to have helped the Axis, for it has enabled them to bring in large numbers of troops and additional supplies. Some estimates place the number of Axis troops now in Tunisia at 100,000. It is not expected that large-scale and decisive operations will take place until better weather conditions prevail.

Meanwhile, the political situation in French North Africa is still far from settled. Definite agreement between General Giraud and General de Gaulle has not been reached, although the two leaders are expected to confer in the near future. At the moment, North Africa seems to be the meeting place of many of the conflicting political groups which formerly created so many difficulties in France proper. Various factions appear determined to use the confusion prevailing in North Africa to further their own ends. The British and Americans, on the other hand, are endeavoring to bring about an agreement among the opposing

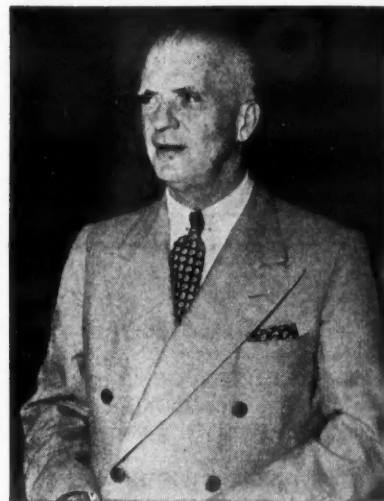
French groups so that a completely united front may be presented against the enemy.

Flynn Investigation

President Roosevelt's choice of Edward J. Flynn, resigned chairman of the Democratic National Committee, as minister to Australia has been hotly contested all over the country. Because of the widespread controversy, the Senate Foreign Relations Committee found it necessary to hold hearings on his qualifications.

Specific objections to Flynn hinge upon a number of charges. Most sensational is the accusation that he used 9,000 paving blocks belonging to the city of New York on his own country estate, as well as the services of 38 city employees. Mr. Flynn is also charged with misuse of city funds and with the appointment of "Dutch" Schultz, a notorious criminal, as deputy sheriff of Bronx county.

Besides its aim of judging Mr. Flynn's qualifications for the Australian post, the Senate investigation is looked upon as a criticism of the



Edward J. Flynn

President for "playing politics." Many congressmen feel that Mr. Roosevelt disregarded the importance of our relations with Australia to reward an old friend and a powerful campaign supporter.

Giving and Getting

Attention has already been drawn in the new Congress to the fact that it must review and act on the lend-lease program this session. The law under which the United States exchanges all sorts of materials and assistance with its Allies expires on June 30, and must be renewed if the program is to continue.

The United States, of course, sends far more than it receives under lend-lease, since our resources and war production are so much greater than those of our Allies. Nevertheless, there is much that our Allies can, and do, furnish us.

Under lend-lease, we have obtained artillery, small arms, grenades, land mines, sound locators, *Spitfires*, 2,000,000 clay pigeons for target practice, repairs to battle-damaged warships, fuel oil for the fleet, hospitals and barracks, airfields, repair depots, steam rollers, pile drivers, stoves, and an almost endless list of minor equipment,

NOTICE

All magazines are required to cut their use of paper by 10 per cent. The American Observer is trying to meet this requirement in such a way as not to interfere with its service to its readers. Students and teachers can help us to accomplish this purpose.

In order to reduce waste to a minimum, we should have revisions on second semester orders as soon as possible. Students can help by letting the teachers know immediately whether or not they wish to subscribe to the paper. Teachers can then give us the exact number of subscriptions for their classes. Your cooperation will help avoid the considerable waste of paper occasioned by late revisions.

Ukraine. And in the extreme south, several important drives were directed at Rostov, key city to the entire southern position. If the Russians can take Rostov, they will be in a position to trap and annihilate the hundreds of thousands of Nazis who are in the Caucasus.

Perhaps the least favorable aspect of the Russian picture last week was the failure of the Russians to capture more German strong points, or "hedgehogs." They have succeeded in surrounding or encircling many of



FOR CHILDREN IN NORTH AFRICA. Eager hands reach for cans of condensed milk as an American soldier helps to distribute half of the milk ration of U. S. troops in Oran to French children living in that North African town.

We have also received plans and drawings for secret weapons. Australia is furnishing our troops with large quantities of food and clothing, and New Zealand's contributions include camps, warehouses, and hospitals. All these things, and many more, come our way.

Coal Strike

As we go to press, Pennsylvania's hard coal strike, now 20 days old, is still unsettled. The combined efforts of the United Mine Workers president, John L. Lewis, union leaders, and the War Labor Board to bring the miners back to their jobs have been completely unsuccessful. Now the case has been turned over to President Roosevelt.

Two alternatives are expected after the President has studied the situation. He may ask the strikers to return to work until their grievances can be settled, or he may use the Army to reopen the mines by force. It is thought that the miners, striking in protest over an increase in their union dues, would follow a request from the President.

With more than 20,000 mine workers off the job, anthracite coal pro-

duction for a single week totaled only 888,000 tons—450,000 tons less than might have been produced with the entire industry working a six-day schedule.



John L. Lewis

duction for a single week totaled only 888,000 tons—450,000 tons less than might have been produced with the entire industry working a six-day schedule.

Sea War

The continuing war at sea was dramatized a few days ago with the report of a big Atlantic convoy that had fought off 35 separate attacks by enemy U-boats in the short time of four days and nights. The total struggle, week in and week out, is of such proportions that, according to some estimates, the United Nations are losing about 1,000,000 tons of ships a month.

As we reported on these pages two weeks ago, Germany is staking a great deal on the attempt to keep United Nations' supplies from reaching the fighting fronts. As compared with the fleet of 175 submarines which the Germans employed in the First World War, they are said to have nearly 600 in service this time. The Nazis are also known to be assembling new subs in at least 16 European ports.

With planes, warships, and depth charges, the United Nations are doing everything possible to fight off the U-boats. Even though we are building ships faster than we are losing them, the goal is to lick the submarine menace and keep it from destroying so many valuable ships and cargoes.

Shorter Haul

Once the United Nations gain the upper hand in the Mediterranean, they will make a tremendous saving in shipping time—and ships. That

is one of the reasons why they are anxious to get the fight to the finish in North Africa under way. Complete control over the shipping lanes through the Mediterranean will greatly shorten the haul between production centers in the United States and Britain on the one hand and Egypt, the Near East, China, and India on the other.

When it is remembered that the average cargo ship makes only 250 miles a day, the following comparisons show how vital the savings are on one-way voyages:

Liverpool to Calcutta, by way of the Mediterranean, is 7,903 miles. By way of the Cape of Good Hope, the distance is 11,562 miles—an excess of 3,659.

Liverpool to Port Said, Egypt, through the Mediterranean, is 3,212 miles; around the Cape of Good Hope, 11,441—an excess of 8,229.

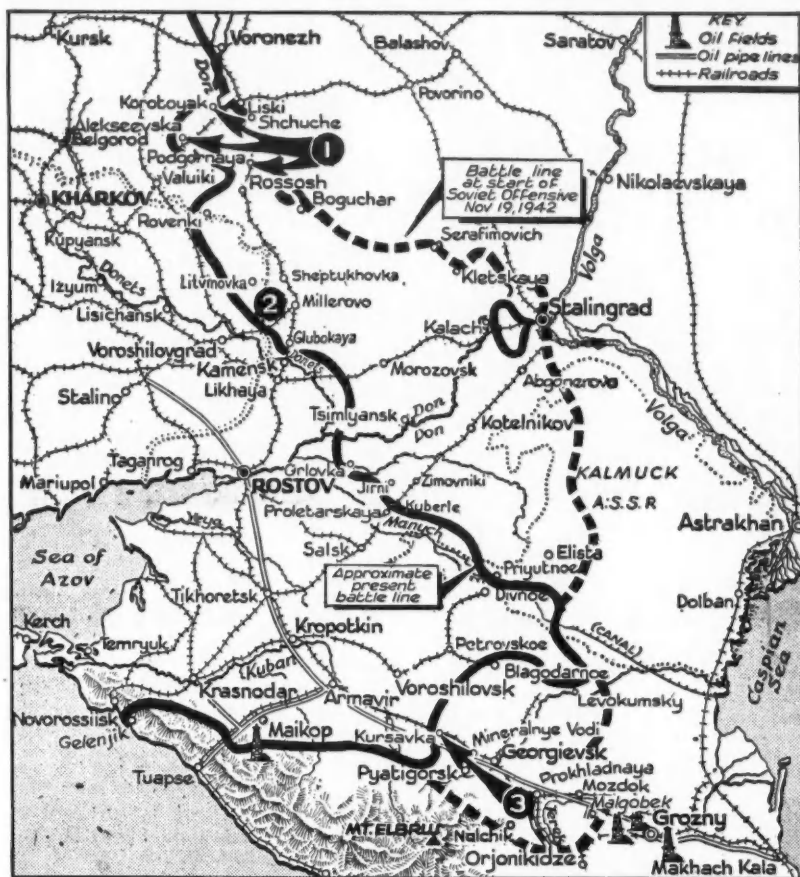
New York to Port Said, via the Mediterranean, 5,142; around the Cape of Good Hope, 12,126—excess, 6,984.

New York to Calcutta, via the Mediterranean, 9,833; around the Cape, 12,247—excess, 2,414.

Trouble in Puerto Rico

Puerto Rico, the large, sunny island in the West Indies which the United States acquired from Spain in 1898, is fast becoming both a Gibraltar of the Atlantic and a major problem to this nation. Because the island is the United States' responsibility, the food situation there is a matter of grave concern.

The Puerto Ricans must obtain 40 per cent of their food from the United States, but because of the shipping shortage the supplies cannot go through and as a result 2,000,000 people are facing near-starvation. Hunger alone, of course, is nothing new to the island, and cannot be blamed entirely on the war. Very few Puerto Ricans have had enough to eat for many years. The island is poor, with probably twice as many



In all sectors the Red Army is making strides

people as its natural resources can support.

A few large owners hold practically all the farm land, and they are in the business of growing sugar, tobacco, and fruit for export. Little space is left on which to grow food for the island's people, and now they are reduced to a level of misery.

As to what should be done about the situation, there is general disagreement. Governor Rexford G. Tugwell, who manages the affairs of Puerto Rico for our government, thinks that the big estates should be broken up into small plots for the individual farmer. Others say that collective farming would help. And some believe the answer is to send part of the population elsewhere.

News Items in Brief

War has not sidetracked the annual campaign for funds with which to fight infantile paralysis, and the drive will reach its usual climax on the President's birthday, January 30. But due to transportation difficulties,



And so to work
SEIBEL IN RICHMOND TIMES-DISPATCH

many of the dances ordinarily held will not be attempted this year.

The Post Office Department has prepared a special one-cent stamp honoring the Four Freedoms. The stamp

will be placed on sale in the nation's capital February 12, Abraham Lincoln's birthday, and will be made available throughout the rest of the country soon after.

For transportation within the bounds of Colorado's vast Camp Carson, a bus said to be the biggest in the world was built. The vehicle resembles a huge moving van, with a number of portholes for windows. It has a double-deck interior, and can haul 260 soldiers at one time.

It took "Big Minnie," a large steam tug, 13 days of pulling, but she got the job done. She arrived at New Orleans with 307-foot *Peto* in her tow, the first submarine built in the Great Lakes and taken down 1,500 miles of the Mississippi. Surrounded by a drydock, the giant *Peto* started her journey at Manitowoc, Wisconsin, where she was built, and at New Orleans received the final finishing touches for sea duty.

Railroads are scouring the country for all the stray equipment that can be made over to carry passengers. They are changing lounge and club cars into coaches, and are trying steel box cars for the same purpose.

News Quiz of the Week

(Answers on page 6, column 4)

1. Much of the taxation talk in Washington these days centers around the "pay-as-you-go" income tax plan. Who originated this idea?
2. One of Japan's bases on a South Pacific island has been so heavily pounded by Allied aircraft that it is being called the "Axis Malta of the Pacific." Can you identify it?
3. How old would Woodrow Wilson be today if he were still alive?
4. What do the following names suggest to you: Luce, Stanley, Bolton, Norton, Rogers, Smith, and Sumner?
5. True or false: Of the 49,000,000 Americans who will pay income taxes this year, 32,000,000 will be paying for the first time.
6. If you saw the figure "1918" chalked on a wall in Europe, what would it mean to you?
7. At the start of the war there were about 8 million unemployed. Do you know how many there are today?
8. True or false: the budget presented by President Roosevelt for the fiscal year 1944 calls for expenditure of more money than the government of the United States spent in all the 143 years from 1789 to the end of June 1932.
9. Just in passing, did the President's budget call for 19 billion, 79 billion, 109 billion, or 191 billion?
10. Can you identify the type of warship to which the following belong? Texas, Arizona, and West Virginia.
11. Why do supply ships going to Casablanca in Northwest Africa sail north from New York?
12. When you hear the name Brown these days, do you associate it with the Supreme Court, price control, taxation, or the North African front?
13. Marshal Ion Antonescu recently conferred with Hitler. Of what European country is this man premier?

The American Observer

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Switzerland is on guard and determined to defend herself against all attack.

Swiss Feel War Impact

EVER since the war began, Switzerland has occupied an important position as a listening post for news from all Europe. It is especially valuable for this purpose today, when it is not only one of the few sources of news, but also the only democratic neutral left on the continent, except for Sweden. The recent occupation of Vichy France cut Switzerland off from all physical communication with the rest of the world, but by way of the radio, dispatches from Berne still reach our newspapers.

Early in the war, there was considerable apprehension lest this little democracy—the oldest in the world with the possible exception of Iceland, would be engulfed in the Nazi flood. But the flood swept on over the face of Europe, leaving this oasis of active democracy, and today, as the fortunes of the Nazi army decline on all fronts, so do the fears of a Swiss invasion.

A Practical Policy

This is no miracle, but rather a matter of practical policy on the part of the Hitler government. For one thing, the Nazis are properly respectful of the famous Swiss military system, the only one of its kind in the world. This system provides for compulsory service in the Swiss militia of every able-bodied man from the time he is 19 until he is 48. Each man is given an intensive three months' course in military training plus annual refresher courses of two or three weeks, and he keeps his uniform and rifle at home.

This unique military system has given Switzerland one of the finest and best-equipped armies in the world, and 600,000 men can be mobilized for immediate service in a few hours. In proportion to Switzerland's population of 4,250,000, this represents an army of 16,000,000 in the United States. In addition, Switzerland has built a splendid system of defenses which takes full advantage of the natural protection of her mountain barriers.

These facts partly account for Switzerland's freedom today, but there are other important reasons. By virtue of her geographic position, this little country is a valuable cog in the Nazi economic machine, for she possesses the strategically important railway lines over which Germany and Italy exchange extremely important materials. These lines run through three great Alpine tunnels, the Lotschberg, St. Gotthard, and Simplon. It is common

knowledge that all three tunnels are heavily mined and would be blown up as the first step in defense against attack. Since these tunnels are from nine to 12 miles long, it would take several years to repair them, and the only alternative is the Brenner Pass route through old Austria, which is by no means large enough to transport the materials Italian industry must have to survive, and which Nazi forces in North Africa must have to hold Tunisia.

Finally, Switzerland is of real value to Germany even as a neutral. By virtue of the blockade, Germany exerts actual control over both Swiss imports and exports, so that the Reich is able to secure from Switzerland many valuable products, such as instruments, and electrical equipment. Also, Germany finds it convenient to carry on business relations with the outside world through Swiss banks.

But the fact that Switzerland has not become involved directly in the war does not mean that she has escaped the effects of the war. Life has never been easy in this little country, where there are 260 inhabitants for every one of its 15,944 square miles (about half the size of Maine), and where most of the land is unfit for agricultural use according to U. S. standards. Moreover, she is seriously lacking in natural resources such as coal, oil, iron, and all other mineral ores, and has no direct access to the sea by which to obtain them.

Foreign Trade

The Swiss have always had to import large quantities of food or starve, and in spite of valiant efforts to increase agricultural production this situation still exists in large measure. Traditionally a dairy nation, Switzerland has slaughtered many of its dairy cattle and converted pastures to farms. But, although every inch of suitable land is cultivated, including parks and playgrounds, 70 per cent of bread grains must still be imported. Strict rationing includes practically all foodstuffs, as well as shoes, cotton, wool, and linen.

Since all coal is imported from Germany at a high price, only one room in a dwelling may be heated, and then only up to 60 degrees. Hot water for baths is permitted once a week. Because of severe shortages of gasoline and fuel oil, three out of four cars are now idle. And yet, in spite of these restrictions, Switzerland is as well off as any country in Europe, except for Portugal.

It is Swiss industry which has been most affected by the disruption of international trade caused by the war. Contrary to popular impression, Switzerland is primarily an industrial rather than an agricultural country, with 45 per cent of her workers in industry and commerce as compared to 28 per cent in agriculture. Using imported materials and her own abundant water power, the country has built up a high quality industry which in peacetime produced large quantities of expensive export goods, such as watches, instruments, electrical goods, cameras, chemicals, fine textiles, and knit goods.

In order to keep going and prevent disastrous unemployment, Swiss industry has of necessity turned to the Axis countries more and more for its raw materials and markets. To get German coal, iron, and seed potatoes, the Swiss have been forced to sign highly unfavorable trade treaties with the Nazis, paying very high prices, and agreeing to make those products which Germany especially needs.

True Democracy

The real significance in Switzerland's story, however, is that this 651-year-old republic has been able to maintain her democratic institutions and practices almost unchanged while the rest of democratic Europe, save for Sweden, has crumbled under the fascist heel.

The Swiss parliament, consisting of two houses much like our own, still meets regularly, and is still elected by universal and secret male ballot. The rights of legislative initiative and referendum are carefully preserved. Nor have the Swiss found any kind of dictator necessary. Executive power is still entrusted to a committee of seven, known as the Federal Council, one of whose members each year is chosen to bear the title of president.

The Swiss still maintain their rights of free speech and press, and the only censorship is that voluntarily imposed upon publications by themselves, although the government does make recommendations in line with the official policy of neutrality. Since the radio is entirely controlled by the government, it needs no special censorship.

While education elsewhere in Europe has been corrupted or has come to a complete standstill, that in Switzerland continues on the high plane which has given it world-wide fame. Education is free and compulsory to the age of 16, and every district, even in the remote mountain sections, is continually extending its elementary

schools. Likewise, the Swiss people are maintaining their excellent system of social welfare legislation, including benefits for sickness, accident, unemployment, and old age.

It has not taken the war, however, to make Switzerland a political marvel. There is, of course, no such thing as a Swiss nationality, for the 22 cantons, or "states" of this federal republic are populated by Germans, French, and Italians. For hundreds of years these three nationalities have lived side by side in prosperity and peace, avoiding the jealousies and enmities which have so frequently embroiled their cousins elsewhere in bitter warfare. The languages of all three of these groups are spoken throughout the country and are all official, as is also Romansch, an obscure language akin to Latin which is spoken nowhere else.

Acts as Go-Between

Finally, Switzerland is still serving as a haven for the oppressed and as a go-between for warring countries. This homeland of the International Red Cross and the League of Nations now harbors more than 13,000 refugees—so many that it has had to establish some restrictions on immigration for its own protection. As one of the few truly neutral countries left in the world, Switzerland has been entrusted with the handling of foreign interests for many of the major belligerents. For example, Swiss diplomats look after American interests in all the countries with which the United States is at war, and in this country they look after the interests of Germany, Italy, France, and Bulgaria.

And so this democratic island isolated deep inside totalitarian Europe goes on its way, maintaining its historic policy of neutrality. However, the Swiss people are strongly sympathetic to the democratic cause, and messages from Berne continually inform us that these people are waiting for the day when they will once more be able to collaborate freely with the rest of the world.

Answers to News Quiz

1. Beardsley Ruml, chairman of the New York Federal Reserve Bank.
2. Munda on New Georgia Island in the Solomons.
3. 86.
4. The seven women members of the New Congress.
5. True.
6. "1918" is being used as the symbol of defeat in occupied Europe, just as the symbol "V" has been used, to help demoralize the Germans.
7. One and a half million.
8. True.
9. 109 billion.
10. Battleships—they are always named for states of the Union.
11. Because the Great Circle course, which is the shortest distance between these two points, swings in a northerly direction at the beginning.
12. Price control—Prentiss Brown is the new Price Administrator.
13. Rumania.



The Swiss produce food for themselves in their carefully tended valleys.

Hitler Faced By Balkan Turmoil

(Concluded from page 1)

mity between countries in this part of Europe is historic. Some have received territory at the expense of their neighbors and are angered as a result. It is doubtful whether any corner of the globe offers a greater conglomeration of different races, religions, nationalities, and opposing interests than this particular section of Europe.

In the case of Rumania, the roots of the trouble are readily discernible. This hapless country has been one of Hitler's most valuable allies. It is the largest producer of oil in Europe, with the exception of Russia, and it is improbable that Hitler's war machine could have kept up its tremendous operations of the last three and a half years without Rumanian oil.

In addition, Rumania is a great producer of wheat and grain, both of which have greatly aided in feeding the German population and the German armies. To say that Rumania has been bled white by the Nazis is merely to repeat what everyone knows about the Hitler new order in any of the occupied countries.

Rumanian Losses

But that is not the only reason the Rumanians have become restive and angry. Rumania has made substantial contributions to the Nazi war effort in terms of manpower. How many troops she has provided Hitler is, of course, unknown. What is known, however, is that the Rumanian losses in Russia have been considerable. Some estimates run as high as 600,000 to 900,000 casualties.

The Rumanians are resentful of these losses. When they joined the war against Russia they were given the promise of a six- or eight-week campaign and the prospect of substantial loot in the form of new territory. It is true that Hitler gave them the province of Bessarabia and northern Bukovina—territories which were taken from Russia. In addition, Hitler promised the Rumanians additional slices of Russian territory in return for support of the war.

But the Russian campaign has not ended and the Germans are losing much of the territory they conquered last summer at great cost in blood and treasure. Moreover, there is the prospect of greater Rumanian losses as the war continues; there is even the prospect that Rumanian territory itself may be invaded by the Russians before too long.

Another thing that has angered the Rumanians is the fact that they have borne more than their share of the fighting in Russia. Neighboring Bulgaria, for example, has thus far refused to send any men to the Russian front and Bulgaria is supposed to be an ally of Germany. This has irritated the Rumanians even more than would normally be the case because she was forced, by Hitler, to yield part of her territory to Bulgaria early in the war. And Hungary, also an Axis partner, is said to have furnished only 150,000 men for the Russian campaign—a number which is but a fraction of the Rumanian losses in battle.

The demonstrations which have sprung up in Bulgaria have some-



World War shifts of territory in the Balkans

N. Y. TIMES

what different origins. That country, it will be remembered, was occupied by Germany at the time of the Nazi invasion of Greece. Since it was futile for a country about the size of our state of Virginia, with a population of but 6,700,000 to resist the German mechanized forces, Bulgaria immediately surrendered. But the government has been unwilling to send men to fight Russia. As a matter of fact, the great majority of Bulgarians are far more friendly to Russia than they are to Germany.

In recent weeks, Hitler has brought renewed pressure upon King Boris and his Bulgarian government to send men to fight in Russia. One of the causes of the recent demonstrations is the feeling on the part of the people that their government is co-operating too closely with Germany and is preparing to send Bulgarians to fight in Russia.

The roots of the trouble in Hungary are essentially the same as in Bulgaria. Hitler is reported to have been squeezing that country for more men to supplement his own manpower shortages in the field and on the home front. More than 600 persons were recently arrested in that country for attempting "to overthrow the order of the state by force." Thus the opposition to the government's policy of cooperating with Germany is meeting with as stiff opposition in Hungary as it is in Rumania and Bulgaria.

As a matter of fact, Hungary joined the Axis largely to regain some of the territories she had lost after the First World War. In that struggle, she fought on the side of Germany and when the peace treaties were signed at the end of the war she was stripped of about two-thirds of the territory she possessed in 1914. In return for her cooperating in the war, Hitler gave back to Hungary part of the province of Transylvania,

one of her territories that had been given to Rumania after the last war.

But of all the countries that Hitler has overrun in eastern Europe, none is causing him the trouble that Yugoslavia is. Yugoslavia was one of the few countries to defy Hitler when he marched in; by offering armed resistance. While both Yugoslavia and Greece knew they were fighting against hopeless odds when they engaged the Nazis in battle, they nevertheless demonstrated that they would rather die fighting for their independence than become slaves of the Axis without a fight.

Yugoslav Guerrillas

While the Yugoslav and Greek campaigns were over in a few weeks, Hitler has not been able to this very day to pacify the peoples of those two countries. The most effective guerrilla warfare yet organized against the Nazis has been waged by the Yugoslavs. First under General Mihailovich and then under another group called the Partisans, the people of Yugoslavia have forced the Germans to keep a number of divisions (how many, no one knows) engaged in that country. Something akin to a third front has been maintained in Yugoslavia since the surrender of that country, and the effectiveness of that front has increased with each passing week.

While the groups in Yugoslavia which are fighting the Axis are rendering a vital service to the cause of the United Nations, their opposition would be more effective if it were united and directed entirely against a common foe. But it is not. There is considerable fighting among the Yugoslavs themselves, between the followers of Mihailovich and the Partisans.

The internal strife in Yugoslavia is but another example of the difficult and confused situation prevail-

ing throughout the Balkan peninsula. Like practically every other country in this section of Europe, Yugoslavia is made up of many different races, nationalities, and religions. It is the largest of the Balkan countries and was a creation of the peace settlement after the last war. It was made up of the former countries of Serbia and Montenegro and large slices of the former Austro-Hungarian Monarchy. The principal racial groups are the Serbs, Croats, and Slovenes, although there are generous sprinklings of other groups.

The history of the Kingdom of Yugoslavia has been largely one of internal conflicts among these racial groups. It has been primarily a struggle for power between the Serbs on the one hand and the Croats, Slovenes, and other minorities on the other. The Serbs, being in the majority, have dominated the government and political life of the country most of the time.

To a large extent, this internal conflict is now reflected in the confused situation prevailing in Yugoslavia. The followers of Mihailovich and the Partisans have but one thing in common—opposition to a common foe. The guerrilla bands of Mihailovich are, for the most part, Serbs. The Partisans, on the other hand, are made up of Croats and Slovenes and other groups who are interested in ridding the country of Serb control once the war is over.

One of the principal tasks of the United Nations, when the war is over, will be to work out some arrangement whereby the many differences can be composed not only within each of these small countries but in their relations with one another. A settlement of the Balkan difficulties offers one of the greatest challenges which the statesmanship of the United Nations will meet at the end of the war.

Policing the Postwar World

By CLAY COSS

AFTER the war has been won and some kind of settlement has been made, who will enforce the rules? That is one of the most difficult of all the questions which will face the postwar world. It is a question that cannot be dodged. Certainly we cannot lay down rules for Germany and Japan, or for the rest of the world, and then go away and leave the rules to enforce themselves. Somebody has to be responsible for maintaining the terms of the peace. Who will it be? How much responsibility will be taken by the United States?

The newspaper *PM* asked these questions of a number of leaders of American thought, newspapermen, radio commentators, leaders who have great influence in shaping opinion.

The answers were published in a recent issue of *PM*. In condensed form, we give here the statements of three of the men who were interviewed, all of them well-known authors and radio commentators—William L. Shirer, author of *Berlin Diary*, John Gunther, author of *Inside Europe*, *Inside Asia*, and *Inside Latin America*, and Quincy Howe, editor-in-chief of the Simon & Schuster Publishing Co., and widely known commentator.

Here briefly are the different points of view:

William L. Shirer. The big question is what to do with Germany. There are 80 million Germans, a talented and able people. They constitute the chief danger to the security of the world because of their expansionist tendencies. The chief job is to keep them disarmed. There should be strict supervision of their heavy industry, their machine tools, and armaments.

The United Nations must set up a police force which will keep Germany disarmed. If she is disarmed for a generation or two, the German people may get the tendency toward aggression out of their systems.

It may be that eventually there can be a real international force which will put down aggression all over the world. But before that happens "mankind will have to be much more intelligent and tolerant than it has been up to now."

John Gunther. The United States, Great Britain, Russia, and China should set aside about one-twentieth of their air power for international police duties. The Germans, Japanese, the Italians, and the smaller neutrals should not be allowed any armaments. If this plan should be followed, the job of preventing aggression would not be too difficult.

"Europe is going to be a very unpleasant place after the war. Violent passions will be let loose." The United Nations must police the danger zones for a long time to prevent "eruptions that will destroy what is left of the Western World."

There can be no lasting peace in Europe until Germany wholeheartedly joins the United Nations in preserving it. But for a time Germany, though not destroyed, "should be made incapable of starting another war."

Quincy Howe. By the time the war ends, each of the United Nations will

be in control of certain regions or zones, and will be responsible for maintaining order in these zones. It will be Russia's job to maintain order in Eastern Europe. The United States already has Northern Africa and certain parts of the Southwest Pacific. England and China will each be in charge of certain territories and responsible for them. These big nations, each in its own sphere, must preserve peace and order. "The day of the small nation is done and there will be no league of a lot of little countries, each one jealous of its own rights."

The men who have been quoted emphasized the importance of policing Germany, and of preventing German rearmament. This line of thought is expressed by Hans Ernest Fried, author of *The Guilt of the German Army*. He contends that Germany should be occupied and disarmed for a while. He thinks that this should be merely a temporary policy. Mr. Fried believes that it will prove impossible permanently to hold a large and potentially powerful nation in subjection. The best chance for peace, he thinks, is to get the support of the German people. Many of them are anti-Hitler, anti-militaristic, pro-democratic. When the war



How can we prevent German militarism from rising again? The above scene shows German troops entering the city of Cologne, in the Rhineland, in 1936, in violation of the terms of the Versailles Treaty.

is won, the victors should help these people to form a government in Germany; then they should work with it sympathetically, supporting it in every necessary way. They should cooperate with it better than the allied nations cooperated with the Republic which was set up in Germany after the World War. Mr. Fried thinks that if this is done, Germany

may cease to be a disturber of the peace of the world. He does not guarantee that such a plan would be successful, but he thinks that it offers the best hope of permanent peace.

THE AMERICAN OBSERVER does not endorse any of these plans. We merely state them for whatever they may be worth. We shall return to this topic in a later article.

One Hundred Billion for War

(Concluded from page 3)

but on his income for 1943. If a man dies, his widow will not have to pay taxes on his last year's earnings. If, on the other hand, a man has a higher income in 1943 than he had in 1942, his taxes will be heavier this year than if he had paid under the old law.

It has been said that when one pays his taxes this year it will be on his 1943 income. He will begin paying on March 15. But how does a man know on March 15 what his income for the whole year 1943 will be?

He does not know—not for certain. Since he must have some basic figures for estimating his 1943 taxes, he

simply assumes that his income and deductible expenses will be the same as they were in 1942. Therefore, tentatively, he pays in 1943 income taxes for that year based on his 1942 earnings.

Then, at the end of the year, if it turns out that he has made less money than he did in 1942, he gets an adjustment from the government. If it turns out that he made more money, he pays an additional sum in taxes. But let it be remembered that he is paying on 1943 income. The only reason he pays any attention to his 1942 income is that he uses it to estimate what his 1943 income will be.

But suppose one knows that his income in 1943 will be far different from what it was in 1942. Perhaps he was not employed at all last year, or perhaps his wages have gone far up or down.

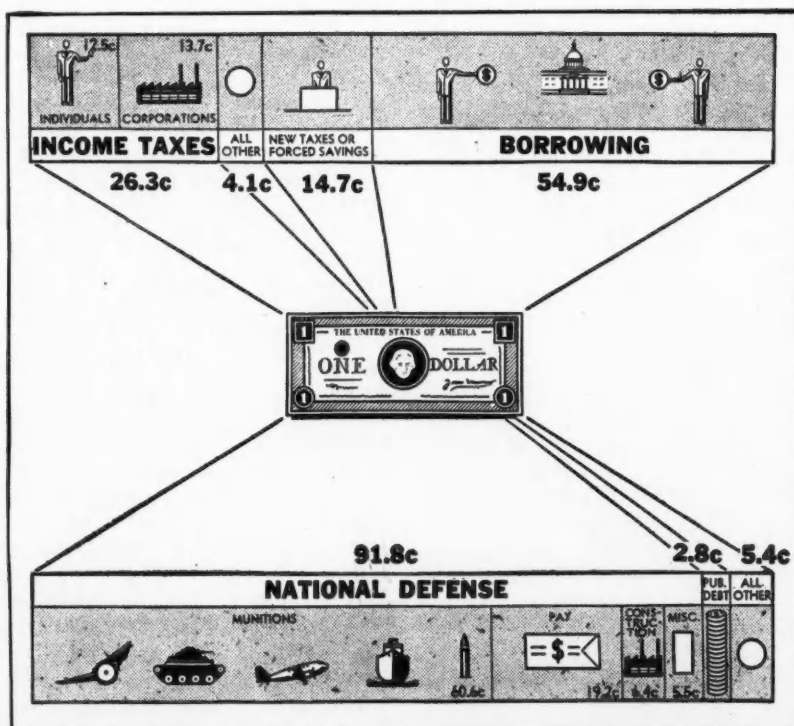
In that case, he submits evidence showing what his 1943 income will probably be and pays on that sum. Then, at the end of the year when the exact figures are in, the necessary adjustments are made.

If no one is to pay taxes on 1942 incomes, does that mean that the Treasury will lose a year's income tax money?

No. People will be paying income taxes this year, just as surely as if the Ruml plan were not enacted. The difference is that they will be paying on this year's income. Since the national income is expected to be more this year than it was last, the government will actually collect more money that it would if the old plan remained in effect.

Here is one way in which the Treasury will lose some money each year by the new plan. Under the present system, every time an income taxpayer dies, he is always behind in taxes to the government. His family or estate must pay these taxes. In the future, if the Ruml plan passes, this will not be true. Taxes will be paid as we go along, and thus the government will not collect money owed by people who have passed away. Each year, therefore, it will lose money in this way—money which it would not lose if the present system is continued.

It has been figured out, however, that only about 200 million dollars a year will be lost through deaths of taxpayers, and that these amounts will be made up because tax collections will be easier to make and not so many people will default on their taxes.



GRAPHIC BY PICK-S FROM N. Y. TIMES
The source of each dollar spent and its destination